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California
Environmental
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Air Resources Board

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Manufacturers' Advisory Correspondence

MAC #98-02



Pete Wilson
Governor

Peter M. Rooney
Secretary for
Environmental
Protection

March 18, 1998

TO: ALL PASSENGER CAR MANUFACTURERS
ALL LIGHT-DUTY TRUCK MANUFACTURERS
ALL MEDIUM-DUTY VEHICLE MANUFACTURERS
ALL OTHER INTERESTED PARTIES

SUBJECT: Cost Limit for High-Priced Warranted Parts of 1999 Model-Year (MY)
Passenger Cars (PCs), Light-Duty Trucks (LDTs), and Medium-Duty
Vehicles (MDVs)

This letter transmits a Manufacturers Advisory Correspondence which identifies the cost limit for high-priced warranted parts of 1999 MY PCs, LDTs and MDVs. Also included is identification of the highest-cost metropolitan area of California for the purpose of calculating labor cost when determining the total replacement cost of a warranted part.

If you have any questions regarding this matter, please contact Mr. Duc Nguyen, Manager, or Ms. Kimberly Pryor, Staff Engineer, Certification Section, at (626) 575-6640.

Sincerely,

R. B. Summerfield, Chief /s/
Chief Mobile Source Operations Division

Attachment

State of California
AIR RESOURCES BOARD

SUBJECT: Cost Limit for High-Priced Warranted Parts of 1999 Model-Year (MY) Passenger Cars (PCs), Light-Duty Trucks (LDTs) and Medium-Duty Vehicles (MDVs)

APPLICABILITY: All 1999 MY PCs, LDTs, and MDVs

REFERENCES:

1. California Health and Safety Code (HSC) Section 43205 (HSC 43205)
2. Emission Control System Warranty Regulations, Title 13, California Code of Regulations (13 CCR), Sections 2035 et seq. (13 CCR 2035 et seq.), amended December 26, 1990
3. Manufacturers Advisory Correspondence No. 90-08

POLICIES:

1. Under HSC 43205(b) and 13 CCR 2037(c), the high-priced warranted parts list is based on a periodically revised cost limit as calculated for the highest-cost metropolitan area of California. For the 1999 MY, the highest-cost metropolitan area of California is determined to be San Francisco. The labor cost, as part of a manufacturer's determination of the total replacement cost of a warranted part, is to be based on the manufacturer's labor rate in the identified highest-cost metropolitan area or, if the manufacturer has no dealerships in this area, a comparable alternative area in California.
2. Under CCR 2037(c), the cost limit for high-priced warranted parts for 1999 MY PCs, LDTs and MDVs is calculated using the annual average nationwide urban consumer price index (CPI) for the calendar year two years prior to the MY for which the cost limit is being calculated. This CPI is published by the U. S. Bureau of Labor Statistics. The 1999 MY cost limit, rounded to the nearest ten dollars, is calculated as follows:

$$\begin{aligned} \text{1999 MY Cost Limit} &= \$300 \times (\text{calendar 1997 CPI/baseline CPI}) \\ &= \$300 \times (160.5/118.3) = \$410 \end{aligned}$$

3. Manufacturers shall submit to the Executive Officer the documentation used to identify the high-priced warranted parts list for 1999 MY certification in accordance with 13 CCR 2037(c)(3). The documentation shall include all emission-related parts costing more than \$310 (i.e., calculated cost limit minus \$100) to replace. This documentation will substantiate that the list includes all potentially high-priced parts. The documentation shall include the estimated retail parts costs, labor rates in dollars per hour, and the labor hours necessary to replace the parts including standard diagnosis. If the labor hours being charged for customer-pay repairs are different from that specified by the manufacturer for warranty repairs, the manufacturer shall substantiate the labor hours specified.